

properties; however, if other Federal programs provide assistance to the housing project, labor standards apply to laborers and mechanics other than Youthbuild trainees to the extent required by the other Federal programs. Applicants need to review applicable Federal regulations to determine which relevant requirements apply to their individual situations.

Subpart E—Administration

§ 585.401 Recordkeeping by recipients.

(a) Each recipient of a planning or implementation Youthbuild grant award must keep records that will facilitate an effective audit to determine compliance with program requirements and that fully disclose:

(1) The amount and disposition by the recipient of the planning or implementation Youthbuild grants received, including sufficient records that document the reasonableness, accuracy and necessity of each expenditure;

(2) The amount and disposition of proceeds, if any, from financing obtained in connection with the Youthbuild program, e.g., housing sales to eligible low-income families, property sales to other public or private entities;

(3) The total cost from all sources of funding for the Youthbuild program including all educational, training, counseling, placement, and housing activities and services;

(4) The amount and nature of any other assistance, including cash, property, services, materials, in-kind contributions or other items contributed as a condition of receiving an implementation grant;

(5) Any other proceeds received for, or otherwise used in connection with, the Youthbuild program.

(6) *Participant information.* The recipient must maintain records on each Youthbuild participant, including such information as age, high school drop out status, income level, gender, employment status, and racial and ethnic characteristics.

(7) *Housing information.* If Youthbuild grant funds are used for acquisition, architectural and engineering fees, construction, rehabilitation, operating costs or replacement reserves for hous-

ing used in a Youthbuild program, the recipient must maintain records on family size, income, and racial and ethnic characteristics of families renting or purchasing Youthbuild properties.

(8) *Relocation Assistance and Real Property Acquisition.* The recipient shall maintain records sufficient to demonstrate compliance with relocation assistance and real property acquisition requirements, as described in chapter 6 of HUD Handbook 1378, Tenant Assistance, Relocation and Real Property Acquisition. See § 585.308.

(b) Implementation grant recipients must submit reports pursuant to section 3 regulations at 24 CFR part 135.

(c) *Access by HUD and the Comptroller General.* For purposes of audit, examination, monitoring, and evaluation, each recipient must give HUD (including any duly authorized representatives and the Inspector General) and the Comptroller General of the United States (and any duly authorized representatives) access to any books, documents, papers, and records of the recipient that are pertinent to assistance received.

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§ 585.402 Grant agreement.

(a) *General.* The recipient will provide education and job training in accordance with the requirements of this part as incorporated in a grant agreement executed by HUD and the recipient.

(b) *Enforcement.* HUD will enforce the obligations in the grant agreement through such actions as may be appropriate, including repayment of funds that have already been disbursed to the recipient.

§ 585.403 Reporting requirements.

(a) *Quarterly Progress Reports.* Each recipient of a Youthbuild grant must submit a report on a quarterly basis. The form and substance of the quarterly progress report will be provided to recipients. The Performance Evaluation Report noted in paragraph (b) of this section will constitute the final Quarterly Report.

(b) *Performance Evaluation Report.* Each recipient of a Youthbuild grant must submit a Performance Evaluation Report on activities undertaken and

§ 585.404

24 CFR Ch. V (4-1-00 Edition)

completed in accordance with the grant agreement. The form and substance of the Performance Evaluation Report shall be provided to recipients.

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§ 585.404 Program changes.

(a) There are three basic types of changes that recipients may wish to make to their programs:

(1) Grant Agreement amendments.

(2) Material changes, which include, but are not limited to changes in housing sites, changes in significant participating parties, and changes in approved activities. All material changes require HUD approval.

(3) Self-implementing program changes, which may include changes in recipient staffing and content of curriculum. All self-implementing changes require documentation in the recipient's files.

(b) Approval for Grant Agreement amendments and material changes is contingent upon the application ranking remaining high enough after the approved change to have been competitively selected for funding in the year the application was selected.

§ 585.405 Obligation and deobligation of funds.

(a) *Obligation of funds.* When HUD and the applicant execute a grant agreement, funds are obligated to carry out approved activities consistent with § 585.205 or 585.305 of this part and in accordance with the grant agreement.

(b) *Increases.* After the initial obligation of funds, HUD will not make revisions to increase the amount obligated.

(c) *Deobligation.* (1) HUD may deobligate all or parts of grants if the grant amounts are not expended within the term of the grant or if there is a condition of default as defined in the grant agreement.

(2) HUD may award deobligated funds to applications previously submitted in response to the most recently published NOFA, and in accordance with subpart B of this part.

§ 585.406 Primarily religious organizations.

(a) *Provision of assistance to primarily religious organizations.* (1) HUD will pro-

vide Youthbuild assistance to a recipient that is a primarily religious organization if it agrees to provide housing, educational and training activities or supportive services in a manner that is free from religious influences and in accordance with the following principles:

(i) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give employment preference to persons on the basis of religion;

(ii) It will not discriminate against any person applying for Youthbuild activities, supportive services or housing on the basis of religion and will not limit such activities or services or give preference to persons on the basis of religion; and

(iii) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of housing, education, training activities, or support services.

(2) HUD will provide Youthbuild assistance to a recipient that is a primarily religious organization if the assistance will not be used to construct or rehabilitate a property to be owned by the recipient, except as described in paragraph (b) of this section.

(b) *Rehabilitation and new construction of structures owned by a primarily religious organization.* Grant funds may be used to rehabilitate or newly construct a structure owned by a primarily religious organization if the following conditions are met:

(1) The structure (or portion of the structure) that is to be rehabilitated or newly constructed with HUD assistance has been leased to a recipient that is an existing or newly established wholly secular organization which may be established by the primarily religious organization under the provision of paragraph (c) of this section;

(2) The HUD assistance is provided to the wholly secular organization (and not the primarily religious organization) to make the improvements;

(3) The leased structure will be used exclusively for secular purposes available to all persons regardless of religion;